



**ALLIANCE**  
O I L C O M P A N Y

# Financial Results 1Q10

May 27, 2010



# First Quarter 2010 Highlights

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- 3.8 million barrels of oil produced and 5.6 million barrels refined in line with annual targets
- Initial production from the Kolvinskoye oil field
- Revenue of MUSD 501 compared to MUSD 545 in 4Q09 (MUSD 328 in 1Q09)
- EBITDA up 12% Q-o-Q to MUSD 101 compared to MUSD 90 in 4Q09 (MUSD 100 in 1Q09)
- Net result of MUSD 45 compared to MUSD 188 in 4Q09 (MUSD 50 in 1Q09)
- Successful five-year Eurobond placement of MUSD 350



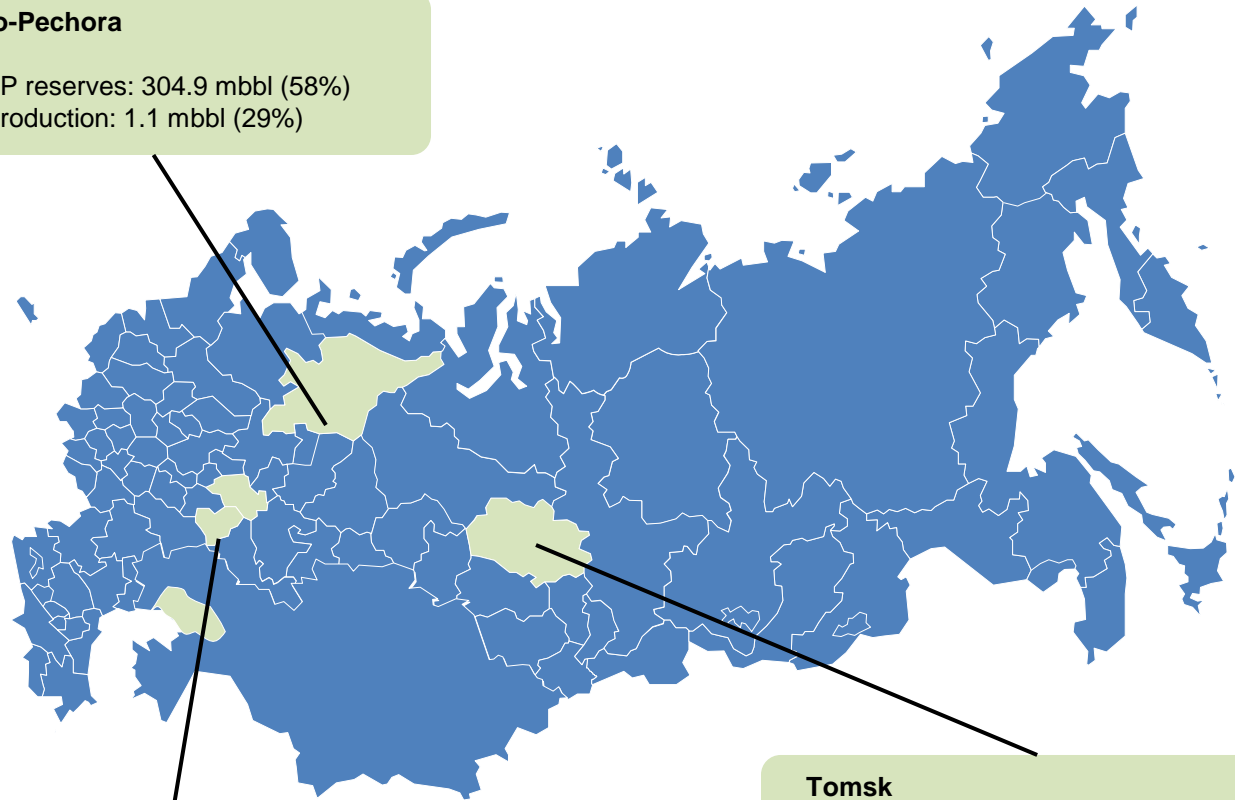
# Upstream Operations Assets

## Alliance Oil Company Total

YE09 2P reserves: 525.9 mbbl  
1Q10 production: 3.8 mbbl

### Timano-Pechora

YE09 2P reserves: 304.9 mbbl (58%)  
1Q10 production: 1.1 mbbl (29%)



### Volga-Urals and Kazakhstan

YE09 2P reserves: 160.4 mbbl (30%)  
1Q10 production: 1.9 mbbl (51%)

### Tomsk

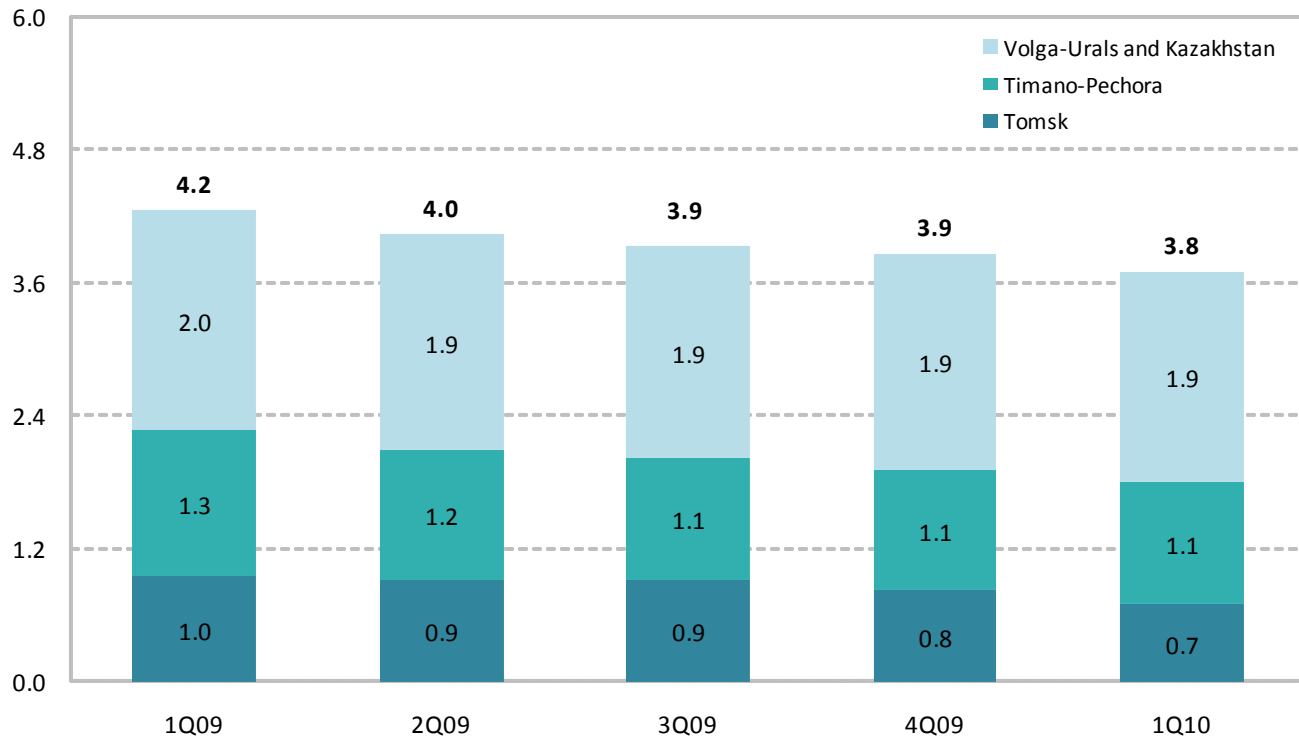
YE09 2P reserves: 60.6 mbbl (12%)  
1Q10 production: 0.7 mbbl (20%)



# Upstream Operations Production



Crude Oil Production Q-by-Q, mbbl



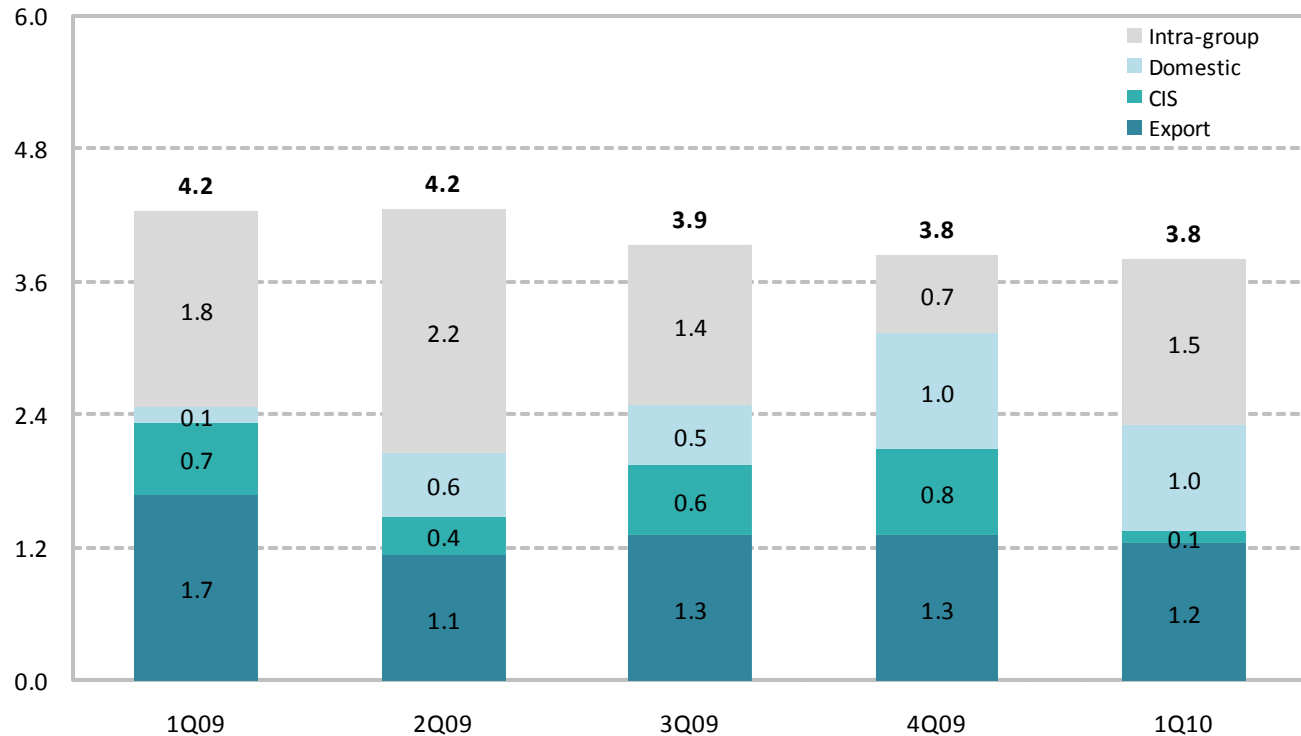
- Stabilized performance with improved operations in Volga-Urals and a lower contribution from the Tomsk region

# Upstream Operations

## Sales



Crude Oil Sales Q-by-Q, mbbl



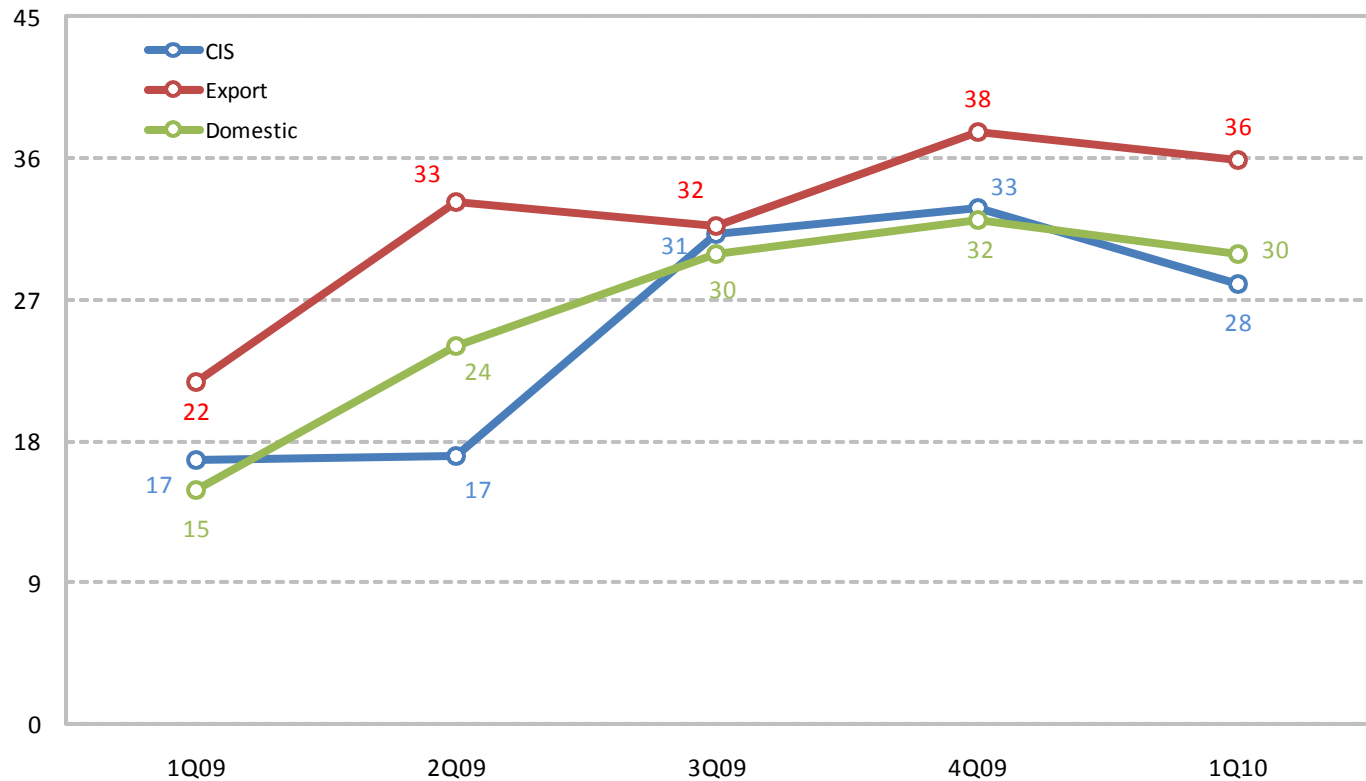
- Stable domestic and export volumes
- Increased intra-group shipments
- Reduced CIS supplies

# Upstream Operations

## Netbacks

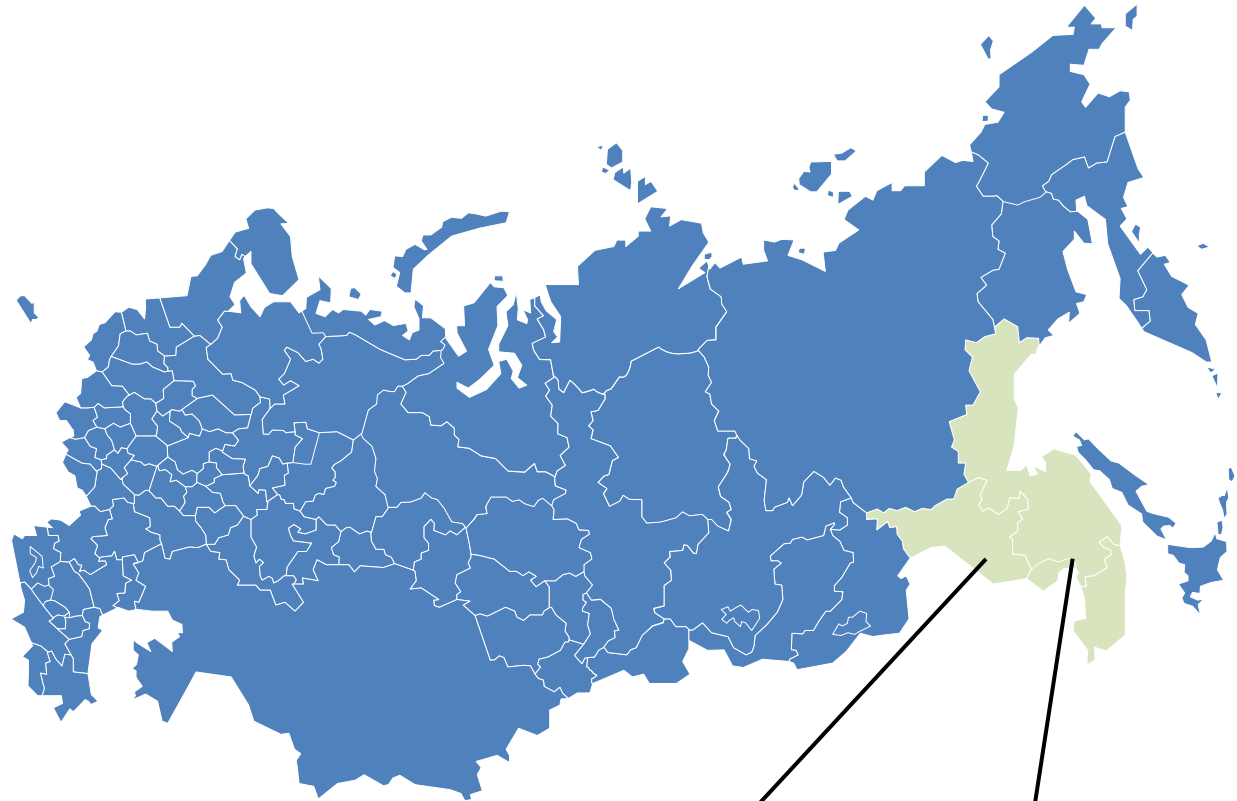


Netback Prices, USD/bbl



- Flat domestic and export netbacks
- Lower CIS prices

# Downstream Operations Assets



**Far East**  
(Amur, Primorsk, Khabarovsk and Jewish Aut. Regions)

Railcar fleet of over 1,400 units  
261 retail gas stations and 16 oil product terminals

**Khabarovsk Oil Refinery**

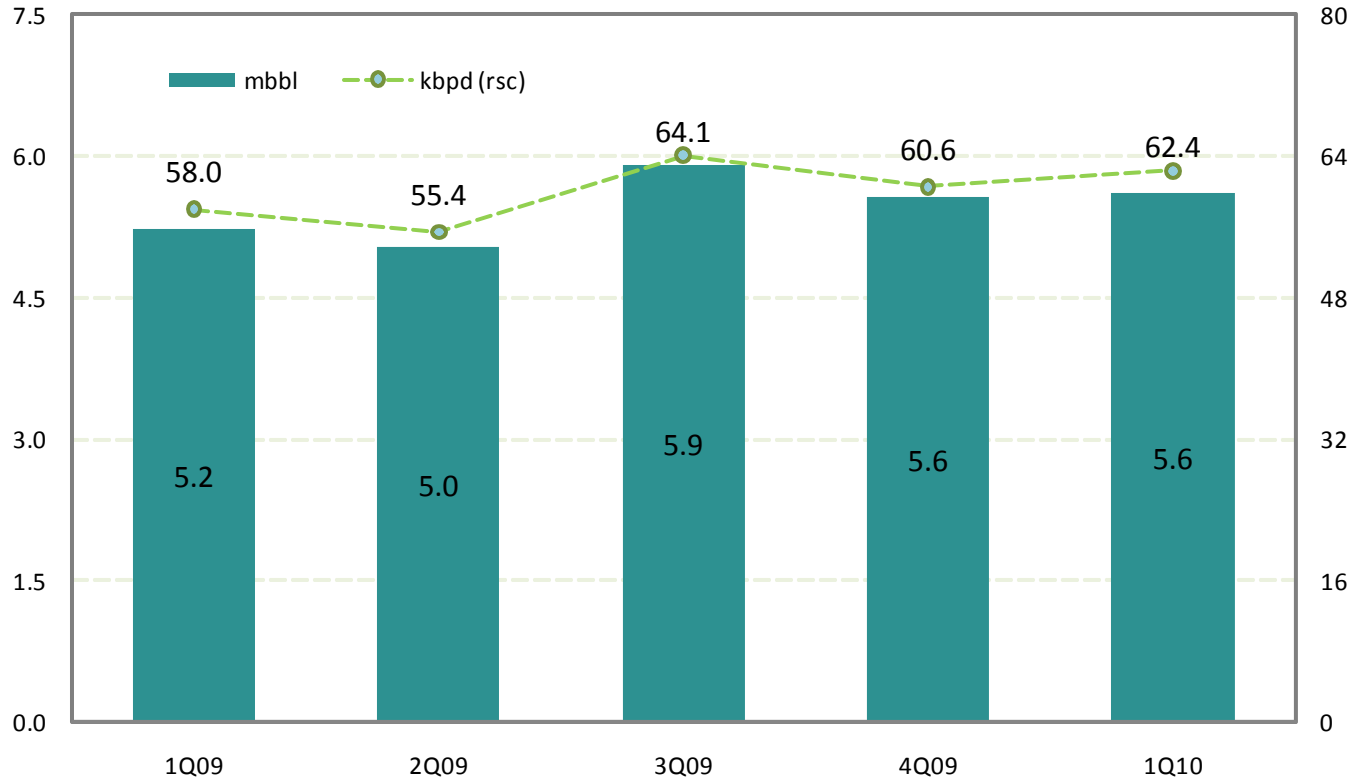
Refining capacity: 70,000 bpd  
Nelson complexity index: 3.4  
1Q10 throughput: 5.6 mbbl

# Downstream Operations

## Refinery Throughput



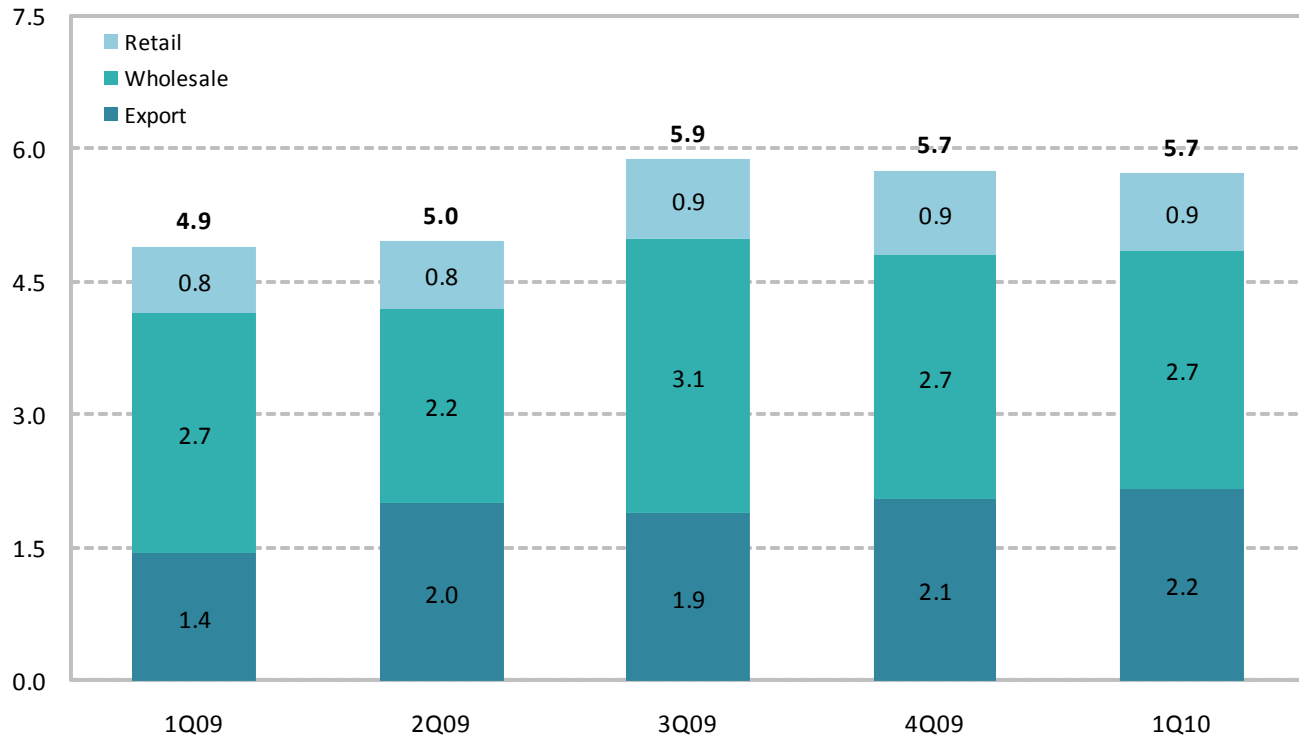
Oil Refining at the Khabarovsk Refinery, mbbl



- Increased run-rate reflecting improved demand

# Downstream Operations Sales

Oil Products Sales, mdbl



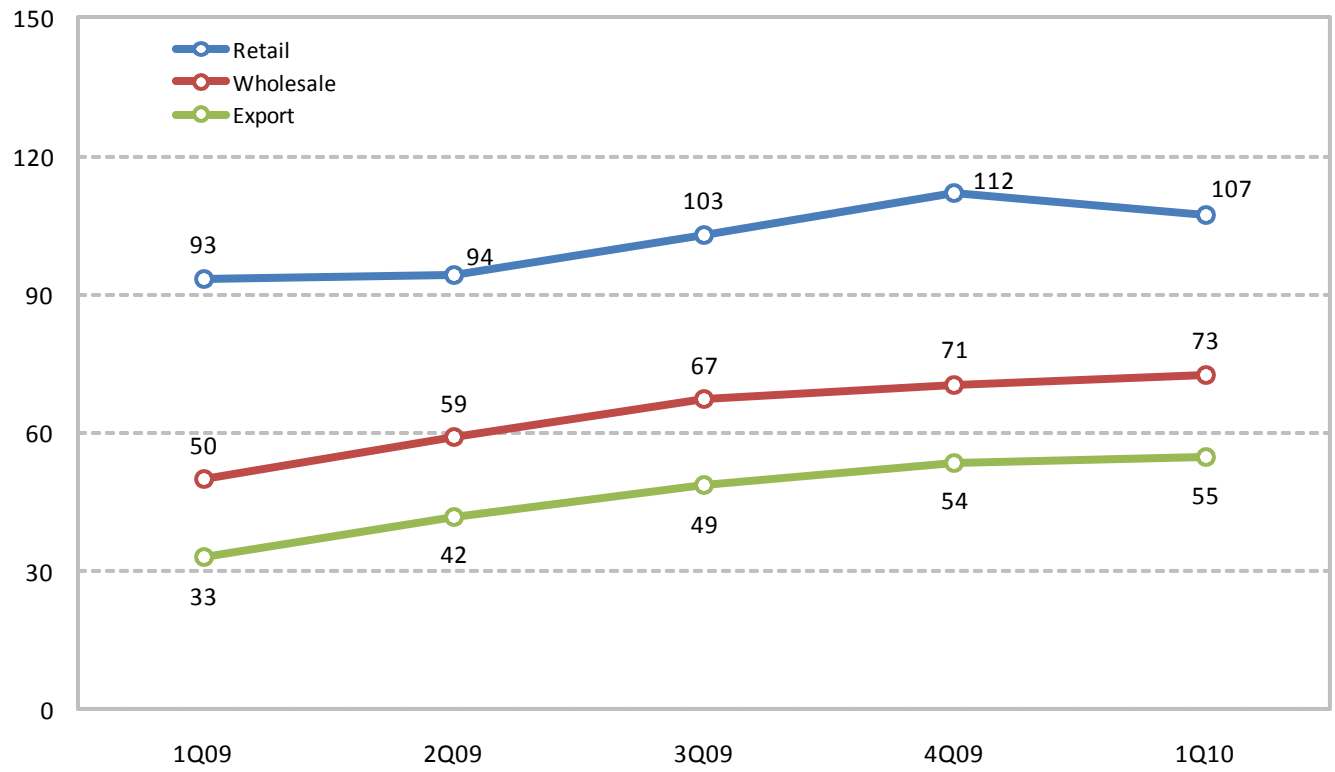
- Stable sales breakdown by destinations

# Downstream Operations

## Prices



Oil Products Net Prices, USD/bbl



- Stable export and domestic prices

# Financials

<i>MUSD</i>	1Q09	2Q09	3Q09	4Q09	FY09	1Q10
Revenue	328	364	490	545	1,726	501
Operating Income	76	56	88	234	454	70
<i>Operating Margin</i>	<i>23%</i>	<i>15%</i>	<i>18%</i>	<i>43%</i>	<i>26%</i>	<i>14%</i>
EBITDA	100	86	112	90	388	101
<i>EBITDA Margin</i>	<i>30%</i>	<i>23%</i>	<i>23%</i>	<i>17%</i>	<i>22%</i>	<i>20%</i>
Net Result	50	47	60	188	345	45
<i>Net Margin</i>	<i>15%</i>	<i>13%</i>	<i>12%</i>	<i>35%</i>	<i>20%</i>	<i>9%</i>
EPS, \$	0.31	0.28	0.34	1.09	2.06	0.26

- Strong operational performance despite growing costs

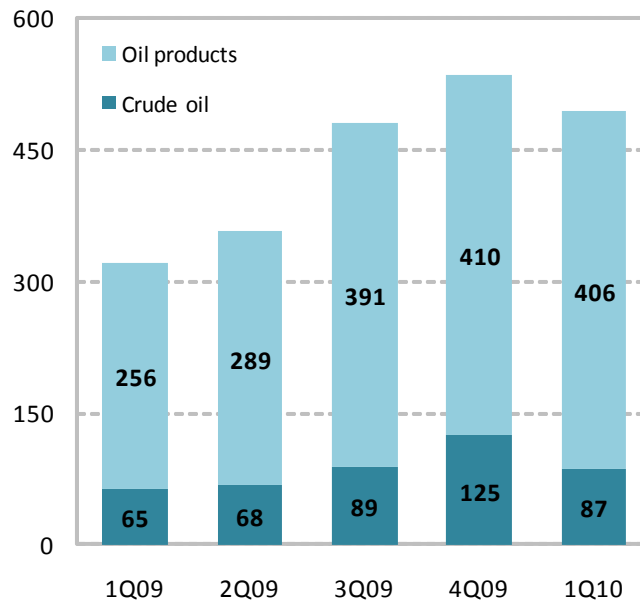
**Notes:** (1) 2Q09 results include impairment charge, 4Q09 results include impairment reversal; (2) EPS numbers recalculated following reverse split 20:1

# Financials

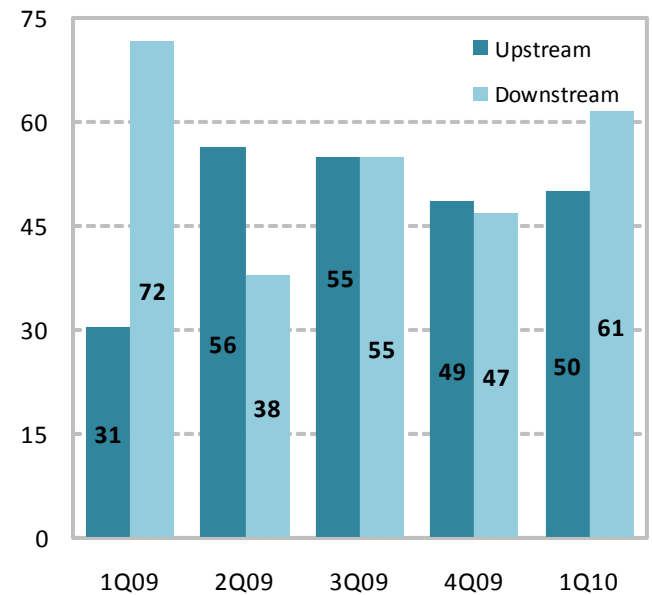
## Segment Performance



### Revenue Breakdown, MUSD



### EBITDA Distribution, MUSD



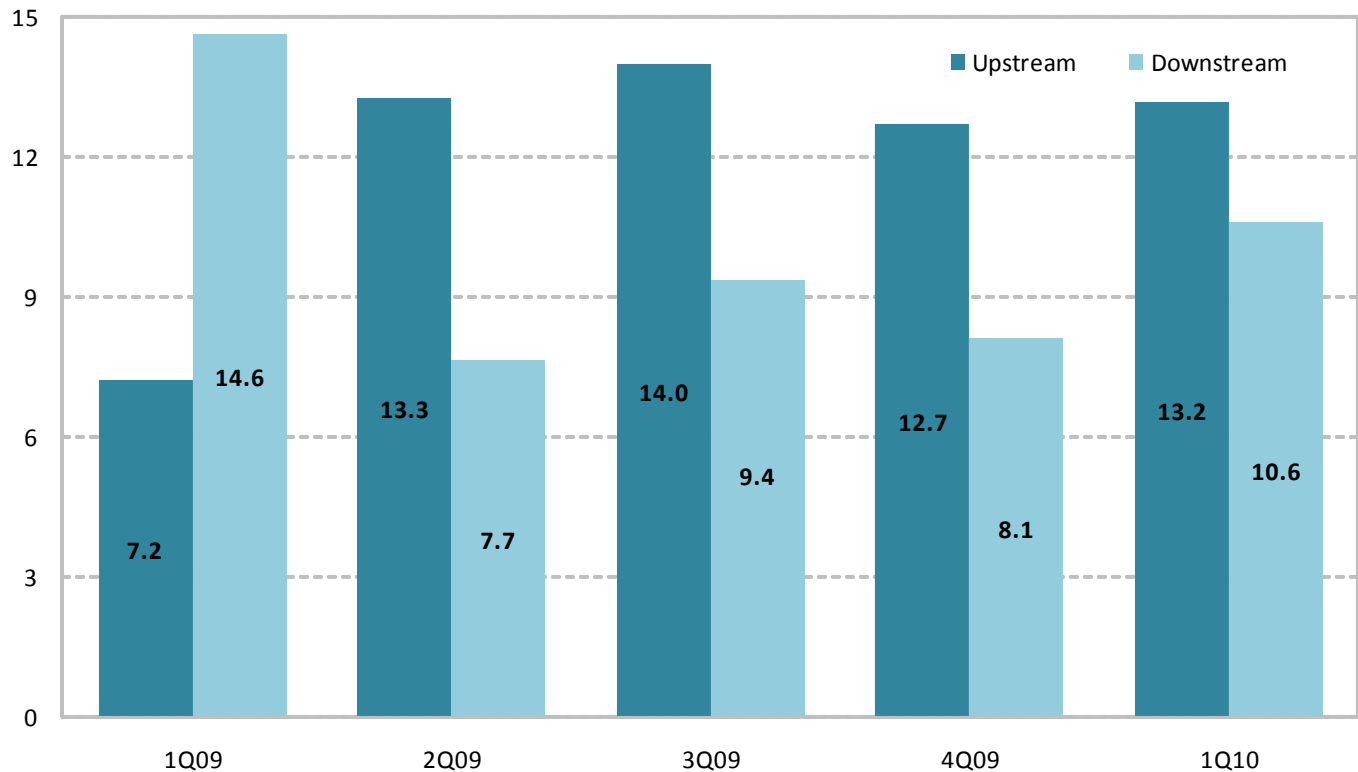
- Stable upstream contribution
- Better results in downstream compared to 4Q09

**Notes:** (1) Segment Revenue exclude other income. Segment EBITDA do not include result of management companies of MUSD (4.9) for 1Q10 and MUSD (13.9) for 2009; (2) Total upstream and downstream EBITDA is adjusted at consolidation for effect of intra-group transactions of MUSD (5.6) for 1Q10 and MUSD (0.3) for 2009

# Financials

## Segment Performance

EBITDA, USD/bbl



- Improved margins in both segments compared to 4Q09

**Note:** Segment EBITDA is based on total sold volumes including external and intra-group; excluding operating result of management companies of MUSD 5

# Financials

## Upstream Economics



Upstream Economics 1Q10, USD/bbl



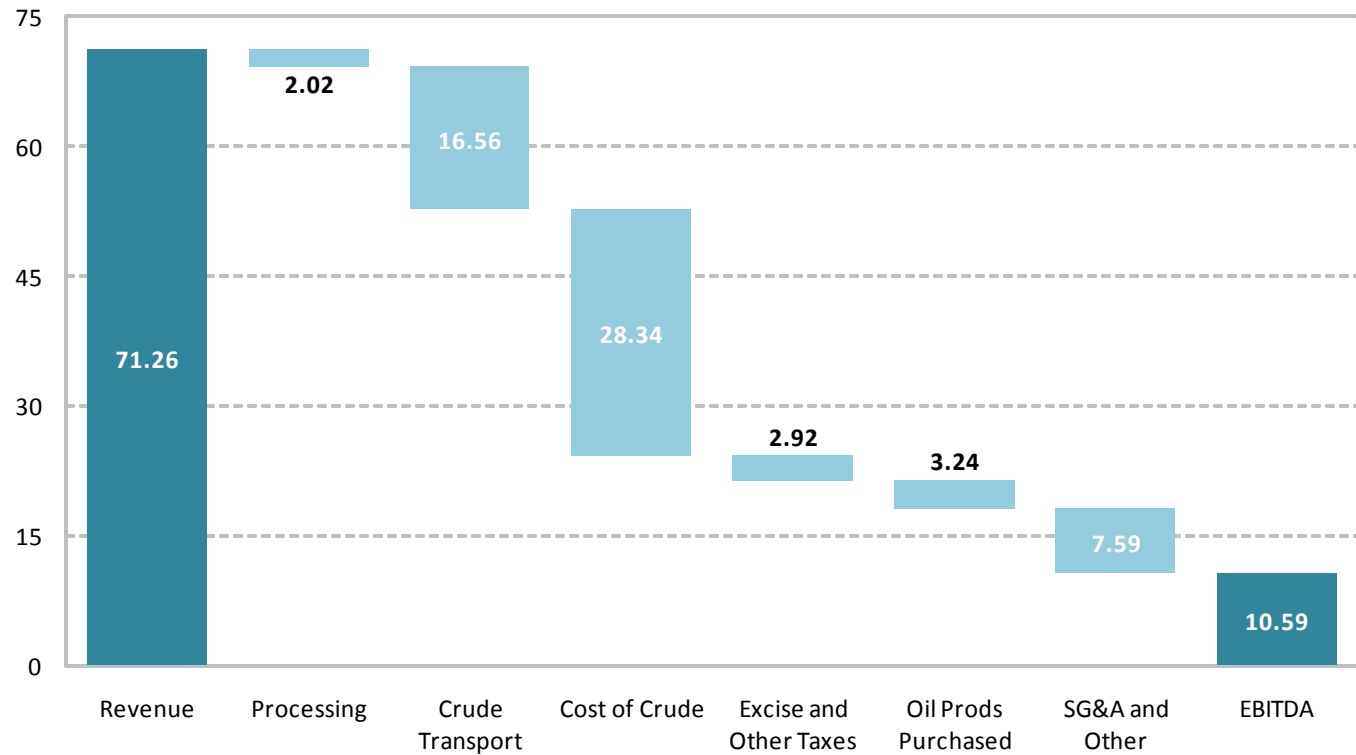
- EBITDA increased on lower net revenue per barrel

**Notes:** (1) Based on total upstream sold volume including external and intra-group; (2) Selling, administrative and other income/expenses, net per barrel include transportation tariffs and other selling expenses, administrative expenses and other operating income/expenses divided by volumes of crude oil sold both intra-group and to external customers

# Financials

## Downstream Economics

Downstream Economics 1Q10, USD/bbl



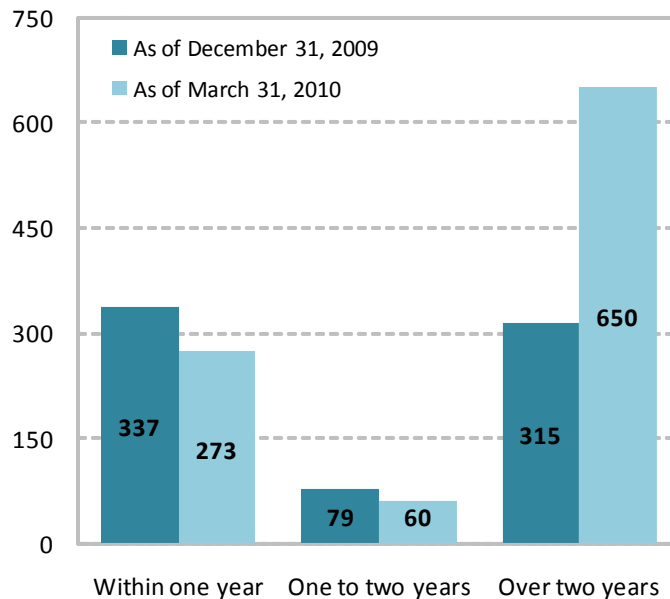
- EBITDA increased on unchanged revenue per barrel

**Notes:** (1) Based on total sold volume including external and intra-group; (2) Selling, administrative and other income/expenses include transportation cost for oil products and other selling expenses, administrative expenses and other operating income/expenses

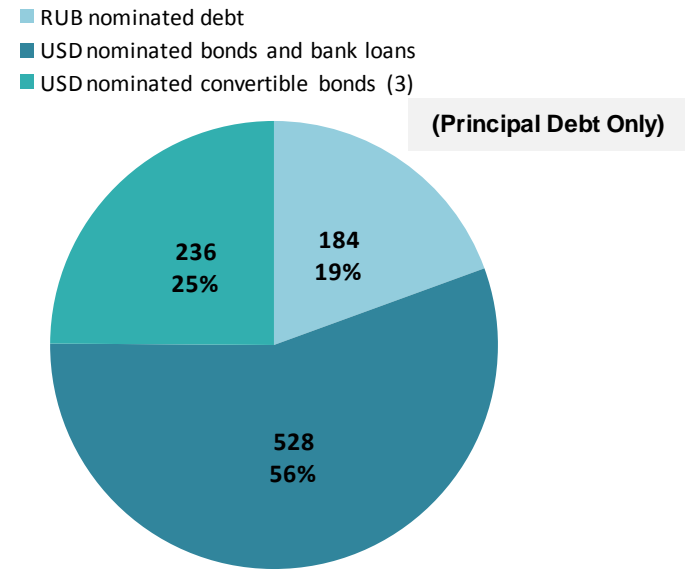
# Financials

## Debt

Debt Maturity Profile (1), MUSD



Total Debt by Currency as of Mar 31, 2010 (MUSD)



- Net debt of MUSD 573, cash on balance MUSD 455 (2)
- Successful placement of MUSD 350 five-year Eurobond
- VEB funding completes capex needs

**Notes:** (1) Future cash flows for the repayment of loan principal and payment of interest; (2) Including restricted cash of MUSD 69.3; (3) Adjusted for equity component of MUSD 22.3

# Management Outlook

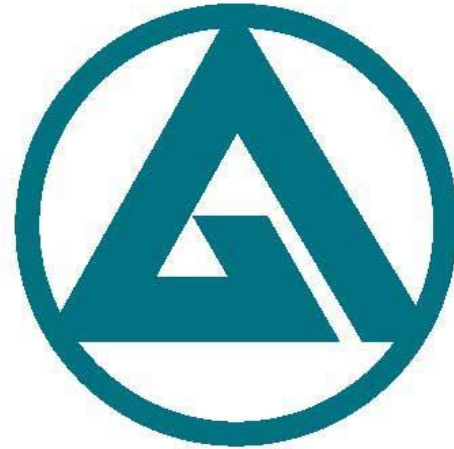
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- Continued focus on integrity and efficiency
- Full year upstream production target of 17.0 million barrels
- Daily production rates in upstream to reach 50,000 barrels per day
- Development of the Kolvinskoye oil field on track
- Full year refining target of 21.0 million barrels
- Modernization of the Khabarovsk oil refinery on track
- Strong balance sheet to support our growth strategy
- Continue to pursue new business opportunities



# Premium Brand and Market Leadership

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**ALLIANCE**  
O I L C O M P A N Y

